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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the summary of the principal findings and conclusions for remedial action of the Board of Auditors, contained in its reports to the General Assembly on the audit of the accounts for the financial period ended 31 December 1992, prepared by the Board of Auditors in accordance with General Assembly resolution 17/211 of 23 December 1992 (see annex).

* A/48/50.

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Letter of transmittal

29 June 1993

Sir,

I have the honour to transmit to you in accordance with the request by the General Assembly in paragraph 18 of its resolution 47/211, the concise summary of principal findings, conclusions and recommendations contained in the reports of the Board of Auditors on the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees and of the United Nations Institute for Training and Research for the year ended 31 December 1992.

Accept, Sir, the assurances of my highest consideration.

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana
and Chairman
United Nations Board of Auditors

The Secretary-General of the United Nations
New York, N.Y.

ANNEX

Concise summary of principal findings, conclusions and recommendations of common interest, classified by audit area, contained in the reports prepared by the Board of Auditors for the General Assembly at its forty-eighth session

Introduction

1. The following is the concise summary of principal findings, conclusions and recommendations contained in the reports of the Board of Auditors to the General Assembly on the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR) a/ and of the United Nations Institute for Training and Research (UNITAR) b/ for the year ended 31 December 1992, as requested by the General Assembly in paragraph 18 of its resolution 47/211 of 23 December 1992.

2. The findings, conclusions and recommendations included in the present report are only those which the Board deems to be the most significant and are presented by organization. The paragraph(s) in the corresponding report where the details can be found are indicated. Other findings, conclusions and recommendations can be found in their individual reports.

3. Because 1992 was the first year of the biennium 1992-1993, the Board of Auditors prepared reports only on the two remaining organizations with annual financial periods mentioned in paragraph 1 above.

United Nations Institute for Training and Research

4. The Board was unable to satisfy itself that all of the transactions included in the financial statements were in accordance with the Financial Regulations and the requisite legislative authority. Expenditures in excess of paid in contributions and other available resources were made in contravention of the appropriate statutes. The Board considers this item to be material and accordingly has qualified its opinion on the Institute's financial statements for 1992. After the balance sheet date and after the financial statements had been transmitted to the Board, the General Assembly adopted resolution 47/227 on 8 April 1993, which provided for a major restructuring of the Institute's financial position. The Board considered this event significant because it has a material impact on the financial position as presented in the financial statements for 1992. Therefore, the audit included a review to ascertain the impact of this decision (A/48/5 Add.4, sect. II, paras. 5 and 6).

5. In view of the decision of the General Assembly to streamline and restructure UNITAR, the UNITAR Administration should now ensure that the Institute's budget is based on levels of realizable income and programmes or projects are set to the extent of available voluntary contributions (ibid., para. 23).

6. The liaison officer responsible for the restructuring of UNITAR should now be designated and specific guidelines be formulated on the transfer of accounting and financial services from New York to Geneva including accountabilities for valuable books and non-expendable property of an attractive nature (ibid., para. 32).

7. Periodic monitoring of the financial status of Special Purpose Grants Fund projects should be the responsibility of finance and project officers of UNITAR to ensure the proper charging of expenditures and to allow sufficient time for making requests of supplementary funds when needed (ibid., para. 38).

United Nations High Commissioner for Refugees

8. In UNHCR, the Administration should review its procedures to improve the effectiveness of its internal controls on cash resources; the Internal Audit Division should have as one of its audit priorities next year the strengthening of internal controls on cash resources in field offices (A/48/5/Add.5, sect. I, paras. 70, 75 and 79).

9. The formulation of tripartite agreements where appropriate and related sub-agreements should continue vigorously to be pursued by UNHCR. Meanwhile, amendments should be made to existing agreements with implementing partners and executing agencies to include provisions on fund accountability and adequate audit coverage (ibid., paras. 99 and 100).

10. The administrative lapses and lack of coordination in UNHCR which have caused delays in the implementation of projects should be assessed and remedial actions undertaken (ibid., para. 94).

11. UNHCR should review its system of allocating funds to projects to ensure a more efficient and effective distribution of resources. The Administration should continue with its review and cancellation of long outstanding unliquidated obligations, including those raised against contributions in kind amounting to $33.8 million at 31 December 1992 (ibid., para. 37).

12. UNHCR field offices should institute measures that would lead to more economic and efficient utilization of resources by the implementing partners and executing organizations through proper monitoring and more frequent visits to refugee camps and other areas of operations (ibid., para. 102).

13. UNHCR should continue to develop its plan and strategy for the computerization of its financial and personnel management systems in a more comprehensive and integrated form. Close coordination with the United Nations Integrated Management Information Systems Committee would be useful in order to benefit from its experiences and to adopt systems already developed that could be made applicable to the UNHCR environment (ibid., para. 65).

14. The recently established task force in UNHCR should continue to analyse and process the reports for completed projects; quarterly reports on the status of report submission should be generated for general circulation; and reporting requirements as set out in the agreements and sub-agreements should be enforced (ibid., para. 104).

15. The circumstances prevailing in the hiring of consultants and temporary assistance should be reviewed to determine whether exceptions from existing or new administrative instructions dealing with UNHCR may be issued (ibid., para. 87).

16. Field offices should be instructed to comply with the reporting requirements for goods received through international shipments (ibid., para. 54); procurement request documents should be completed fully to ensure prompt delivery of goods in accordance with specifications and to meet the needs of refugees (ibid., para. 48); and UNHCR should institute measures to strengthen the capacities of field offices to be able to comply with procurement regulations (ibid., para. 58).

17. The Board reiterated that timely submission of reports for contributions in kind was important. In future, accounting for contributions in kind should be done in conformity with the common accounting standards being developed currently for the United Nations system (ibid., para. 32).

18. In accordance with UNHCR Financial Rule 10.6, the Board was informed that cash and receivables amounting to $155 and $170, respectively, were written off during the year 1992 (ibid., para. 105).

19. Non-expendable property written off amounting to $571,761 represented items lost through the following circumstances as reported to the Property Survey Board by various field offices (ibid., para. 106):

	(United States dollars)
Civil disturbances	312 739
Armed robbery	120 498
Ordinary theft	46 622
Fire	3 766
Weak internal controls:	
Lost by staff members	6 658
Missing	8 744
Theft	72 734
Total	571 761

20. The Board was informed that during the year, a case of fraud had occurred in procurement costing the Organization $9,620. This was perpetrated by a locally recruited senior programme assistant in Zimbabwe, who later resigned and disappeared. No refunds have been made. Since then, the branch office has strengthened its internal controls (ibid., para. 108).

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Pascasio S. BANARIA
Chairman, Commission on
Audit of the Philippines

(Signed) John BOURN, KCB
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

Notes

a/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 5E (A/48/5/Add.5), sect. I.

b/ Ibid., Supplement No. 5D (A/48/5/Add.4), sect. II.